

SGI

Sustainable
Governance
Indicators

2015 Lithuania Report

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Executive Summary

Formal democracy is well developed in Lithuania. Participation rights, electoral competition and the rule of law are generally respected by the Lithuanian authorities. However, substantive democracy suffers from a few weaknesses. Despite some recent improvements, party financing is not sufficiently monitored or audited, and campaign-financing fraud is not subject to adequate enforcement. In addition, discrimination continues to be evident, sometimes significantly so. Most importantly, corruption is not sufficiently contained in Lithuania. Anti-corruption legislation is well developed, but the public sector continues to offer opportunities for abuses of power or position, and the enforcement of anti-corruption laws remains insufficient.

Lithuanian policymakers have sought to establish and maintain social, economic and environmental conditions promoting their citizens' well-being. However, the country's policy performance remains mixed, with social-policy results lagging behind those of economic and environmental policies. Some observers attribute this to transition and EU-integration processes that have focused on primarily political, economic and administrative matters. The country's formal governance arrangements are quite well designed, with policymakers taking a long-term view of societal development and seeking to change unsuccessful policies. However, these arrangements do not always function to their full potential. There are significant gaps in policy implementation, and societal consultation remains underdeveloped.

There were several important developments in the 2013 – 2014 period. On the political front, President Dalia Grybauskaitė won the presidential elections held in May 2014, successfully winning reelection to a second term. Also in 2014, the Electoral Action of Poles in Lithuania party withdrew from the governing coalition, but the three-party government led by the Social Democratic Party and Prime Minister Algirdas Butkevičius remained in power. Moreover, several of this government's ministers were replaced during the reporting period for various reasons (a cabinet reshuffle after the presidential elections, changes to the governing coalition, the fact that several ministers were either elected to the European Parliament or appointed to the European Commission, etc.).

In terms of economic developments, the Lithuanian economy continued its positive performance in 2013 and 2014. After the shock of the financial and economic crisis in 2008, the economy had returned to growth in 2010 as a result of ongoing fiscal consolidation, a recovery in the global economy and increasing domestic demand. During the review period, Lithuania continued to perform as one of the fastest-growing economies in the European Union despite the negative effects of sanctions imposed by Russian authorities on some Lithuanian exports. In 2014, the EU Council adopted a decision allowing Lithuania to join the euro zone on 1 January 2015. In addition, the floating import terminal for liquefied natural gas opened at the port of Klaipėda in December 2014, thus ending the monopoly formerly held by Russia's Gazprom on the supply of gas to Lithuania. These projects had been top priorities of the previous government in the 2008 – 2012 period, and the current government, formed in 2012, continued this focus with the president's support.

The country's social developments during the period under review were less positive. Despite some recent improvements, the number of people at risk of social exclusion remained at a relatively high level, and unemployment rates remained significant, especially among the low skilled. Moreover, the country continues to be ranked comparatively poorly in terms of life expectancy at birth. In general, challenges in the area of social policy were not properly addressed during the reporting period.

Despite the change in government in 2012, there was a good deal of continuity in the country's governance arrangements, and the number of clearly politically motivated decisions has been rather small. Thus, executive capacity and accountability were largely maintained as before. During the reporting period, Lithuania successfully completed its EU Council presidency, and continued its preparations for joining the OECD. However, power and authority remains concentrated at the central level. Citizens and various other external stakeholders continue to have only a limited degree of involvement in the structures and processes of government, while staffing decisions at the senior levels of the civil service and within other public-sector organizations remain rather politicized.

Key Challenges

Although the current three-party government still enjoys a parliamentary majority, its legislative support declined somewhat during the review period following the withdrawal of the Electoral Action of Poles in Lithuania from

the coalition. However, a broader cross-party and cross-institutional consensus (involving the President's Office, the Seimas and the government) should be established regarding the main political priorities, especially those in the energy field and other long-term reforms which extend beyond one political cycle. Although the government has presented euro zone accession as one of its key achievements, the attainment of this goal poses fiscal risks and the possibility of irresponsible increases in budgetary expenditures as the next parliamentary elections in 2016 approach. Furthermore, the implementation of important policy and institutional reforms must be given sufficient attention. The fact that Lithuania opened the new gas terminal in Klaipėda and that the euro will be introduced in 2015 illustrates the country's capacity to complete major political projects successfully, at least when strong political agreement concerning macroeconomic stability, fiscal consolidation or major energy projects is sustained over a sufficiently long period of time.

The country continues to face a number of significant challenges to its long-term competitiveness, including unfavorable demographic developments, labor-market deficiencies and high emigration rates, rising levels of poverty and social exclusion, a lack of competition and interconnections in the country's infrastructure (particularly the energy system), relatively high taxation of labor, a large shadow economy, low energy efficiency (especially in the case of buildings), a low level of R&D spending, and poor performance with respect to innovation. Therefore, the country should continue implementing policy and institutional reforms, particularly in areas affecting the labor market, social-inclusion policy and the energy sector. Furthermore, as a small and open economy, Lithuania is particularly vulnerable to external shocks and relies on its export markets. Russia's ban on some imports from the European Union therefore represents a new economic challenge that will have a negative effect on the country's economic growth in the near future. To reduce the vulnerability of such external shocks, the government faces the challenge of further improving the national regulatory environment to increase the business sector's flexibility and ability to reorient its activities to other markets.

The complex causes of high unemployment and emigration rates, as well as rising levels of poverty and social exclusion, should be urgently addressed by Lithuanian decision-makers. A mix of government interventions is needed in order to mitigate these social problems, including general improvements to the business environment, effective active-labor-market measures, an increase in the flexibility of labor-market regulation, improvements in education and training, cash-based social assistance and other social services targeted at vulnerable groups.

The European Union's planned 2014 – 2020 financial assistance program for Lithuania, which is expected to total about €13 billion over the seven-year period, offers an opportunity to boost Lithuania's competitiveness. However, these funds should be rationally allocated, with particular focus on growth-enhancing sectors, and efficiently disbursed, avoiding any competitive distortions, mismanagement or corruption. Better policy implementation in line with strategic priorities set out in long-term strategy documents such as Lithuania 2030 and the Partnership Agreement with the European Commission (focused on the Europe 2020 strategy) would improve the effectiveness and sustainability of policy reforms, as well as the quality of governance. Interventions co-financed through EU funds should be better linked with national reform initiatives in order to reinforce efforts to carry out the necessary reforms and achieve the targets set out in various strategic documents.

Improvements in the functioning of Lithuania's substantive democracy and governance arrangements are also necessary. Some standards such as media-ownership transparency should be enhanced, while others such as non-discrimination rules should be better enforced. Other potentially useful reforms might include a decentralization of governance (accompanied by sufficient local-government task funding); the improvement of partnerships between the central government, local self-governments and other social actors; and the creation of processes that enhance citizen participation, including the actual use of impact assessments, taking into account the principles of proportionality.

Lithuania should target its anti-corruption efforts toward the most corrupt institutions, including the health care sector, the parliament, the courts, the police and local authorities, by eliminating or otherwise ameliorating conditions that facilitate corruption, and by enforcing anti-corruption regulations more effectively. The country should maintain the professionalism of its civil service, while retaining or implementing modern policymaking practices (such as strategic steering, evidence-based decision-making and interinstitutional coordination), improving policy delivery, and ensuring that top managerial staffing decisions and public-finance policies are not politicized.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

Lithuania's economic policies have created a reliable economic environment, fostering the country's competitive capabilities and improving its attractiveness as an economic location. At the end of 2014, the World Bank ranked Lithuania 24th worldwide in terms of ease of doing business. The individual attributes of registering property (9th place), starting a business (11th place), enforcing contracts (14th place) and dealing with construction permits (48th place) were assessed the most positively, whereas those of protecting investors (78th place) and access to electricity (105th place) received the lowest rating. It should be noted that labor-relations regulations were not assessed in this edition of the survey. On this indicator, Lithuania used to be ranked relatively low, and the government has as yet undertaken no major reforms enhancing the flexibility of the labor market. The country was also ranked 41st in the World Economic Forum's 2014 – 2015 Global Competitiveness Report, with some factors such as higher education and training (ranked 26th worldwide) scoring above its overall average, and some factors such as market size (77th place worldwide) falling significantly below.

The European Commission identified the following challenges to Lithuania's long-term competitiveness: unfavorable demographic developments, labor market deficiencies and high emigration rates, growing levels of poverty and social exclusion, a lack of competition and interconnections in the country's infrastructure (particularly its energy system), low energy efficiency (especially in the case of buildings), a low level of R&D spending, and poor performance with respect to innovation. A new economic challenge has arisen from Russia's ban on some imports from the European Union. This has disproportionately affected Lithuania, as its ratio of food exports to Russia to GDP was the highest in the EU. It has been estimated that Russia's current embargo on food imports will reduce Lithuania's GDP by 0.8%.

Although the 2008 – 2012 Lithuanian government stabilized Lithuania's economy and public finances through substantial fiscal consolidation, other reform efforts have been more limited, in particular those relating to the labor market, social policies, energy efficiency and the energy sector. However, the government formed after the 2012 parliamentary elections continued and completed some of its predecessor's projects. Construction of the new liquefied-natural-gas terminal (LNG) was finished in December 2014, for example, and another important project establishing electric-power transmission connections with Sweden is expected to be completed by the end of 2015. These projects are expected to provide alternative energy-supply sources, and have received significant attention. If an appropriate regulatory environment is created allowing good trade relations in the natural-gas and electricity sectors, the completion of these projects should also contribute to cheaper energy prices and more competitive business conditions in Lithuania.

Considerable political emphasis has been placed on structural reforms, especially in the previous government's program, but a significant number of these have been left unimplemented. Streamlining the regulatory environment for businesses is one of the few areas where progress has been achieved. As the economy recovered, with Lithuania becoming in recent years one of the fastest-growing economies in the European Union, the political will to reform has decreased, especially in fields such as the pension system or health care. More progress has been made in recent years on the renovation of apartment blocks, which contributes to improving the energy efficiency of housing.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania:

http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

See the 2014-2015 Global Competitiveness Report of the World Economic Forum: <http://www.weforum.org/reports/global-competitiveness-report-2014-2015>

Labor Markets

Labor Market
Policy
Score: 6

Although Lithuania's labor market proved to be highly flexible during the financial crisis, ongoing labor-market difficulties present some of the primary challenges to Lithuania's competitiveness. Unemployment rates remain high, especially among youth, the low-skilled, and the long-term unemployed. In its 2014 report, the European Commission found that devising active labor-market measures of sufficient scope and quality continues to be a challenge in Lithuania. The Commission recommended that Lithuania place stronger focus on active labor-market measures and give a higher priority to offering high-

quality apprenticeships in order to reduce unemployment within particular target groups.

Despite the flexibility provided in determining wages, for which the country earned its highest rating in the area of labor market efficiency in the Global Competitiveness Report, hiring and firing practices are considered to be too restrictive (earning the country's lowest rating in the same index). In 2013, the current Lithuanian government increased the minimum wage by about 20%, to about €290, in order to fulfill pre-election promises. A further increase to €300 followed in October 2014. These decisions have not caused any perceptible spike in unemployment; indeed, unemployment rates stabilized at the beginning of 2013 after a series of improvements in the latter months of 2012. Relatively high rates of emigration to other EU member states have partially compensated for the country's inflexible hiring-and-firing rules and rigid labor code. The government has said it plans to reform the Labor Code, and has commissioned a new external study on the issues of labor-regulation reform and a possible reduction in labor taxes. However, if the two issues are connected in the public debate, it will make it more difficult to pass major reforms improving the regulatory environment.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania:

http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

Taxes

Tax Policy
Score: 8

In Lithuania's tax system, a significant share of government revenue is generated from indirect taxes, while environmental and property taxes are relatively low. However, there is significant tax evasion. In terms of horizontal equity, there are mismatches between various groups of economic actors with similar tax-paying abilities. The labor force is taxed somewhat more heavily than is capital (although the tax burdens faced by both labor and capital are below the EU average), while specific societal groups such as farmers benefit from tax exemptions. Previous governments have reduced the number of exemptions given to various professions and economic activities with regard to personal income tax, social security contributions and VAT. Social-security contributions are high, exceeding 30% of wages, and while there are ceilings on payments from the social-security fund (pensions), there are no ceilings on contributions to it. As of 1 January 2012, the tax base has been broadened by taxing individuals owning residential real estate with a total value exceeding €290,000, with a 1% rate on the value above this amount. It has been proposed to reduce this value to €220,000 in 2015.

In terms of vertical equity, the Lithuanian tax system to a certain extent imposes a higher tax burden on those with a greater ability to pay taxes, insofar as larger companies pay larger sums than do smaller companies, but there is a flat income tax rate of 15%. However, an element of progressivity is introduced through the use of untaxed income, the amount of which is fixed at around €1,633 per year, thus favoring those receiving lower wages. The current government has discussed increasing this amount in such a way as to increase the progressivity of the income tax system.

In terms of revenue sufficiency, despite the fact that a process of fiscal consolidation has occurred on the expenditure side, some gap between tax revenues and government expenditure remains. Social-security contributions are a particular concern, as this gap has led to significant indebtedness within the State Social Security Fund. While the increase in economic activity in the post-crisis period is expected to generate more government revenue, some observers have proposed the creation of additional tax-revenue sources in order to make Lithuania's fiscal position more sustainable. The country also has scope for making its taxation system less distortive and more growth-friendly. The current government has set a goal of reducing the tax burden on labor, which would increase the competitiveness of the economy. Despite the recent review of the tax system, no specific reform measures have been adopted. The goal of introducing the euro in 2015 limited the country's ability to engage in major tax reforms, as the forecast budget deficit for 2014 is already close to 3% of GDP. In late 2014, proposals were made to lower the real-estate-tax threshold, and to reduce the tax rate. Social-security contributions have yet to come into effect for the special category of small enterprises that was introduced several years ago with the aim of fostering entrepreneurship and reducing the tax burden on new business activities.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania:

http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

Budgets

Budgetary Policy
Score: 7

During the financial crisis, Lithuania's fiscal situation deteriorated rapidly; the fiscal deficit grew to 3.3% of GDP in 2008, and further to 9.4% in 2009. As a result of fiscal consolidation, the deficit dropped to 7.2% in 2010 and again to 5.5% in 2011. It was expected to continue falling to 3.2% in 2012. In 2014, the EU Council adopted a decision allowing Lithuania to join the euro area as of 1 January 2015, in part recognizing its work in regaining control of the deficit.

Government debt also expanded during the crisis, reaching 38.5% of GDP in 2011 (from the pre-crisis low of 16% in 2008); this is expected to stabilize at around 40% of GDP in 2013 – 2014.

Despite these improvements in Lithuania's fiscal performance since the crisis, the country faces a number of challenges in terms of keeping its public finances sustainable. Factors such as projected expenditure related to an aging population, as well as the vulnerability of its small and open economy to external shocks, pose significant risks to the consolidation path projected by the Lithuanian government in its convergence program. The goal of introducing the euro in 2015 preserved the current government's determination to maintain the deficit at a level below 3% of GDP, while the fiscal-discipline law should provide an incentive to continue reducing the deficit even as the economy keeps growing. There is some doubt as to whether tax revenues will meet targets contained in a recently announced 2015 budget plan, in part because of uncertainty over the Ukrainian crisis and the impact of Russia's import ban on the Lithuanian economy, and in part because of the ongoing stagnation in the euro-zone economy, the main export market for Lithuanian businesses. Moreover, in their opinions on the draft 2015 budget, the National Audit Office and the Central Bank of Lithuania stated that the draft violated the law on fiscal discipline by increasing expenditures too far. In autumn 2014, the Lithuanian government decided to postpone its convergence-program targets for achieving a budget surplus by an additional year, to 2017. This is the year after the next parliamentary elections, which are scheduled for 2016. This increases the risk that even if the budget deficit remains below the 3% of GDP required under euro zone rules, it might not be reduced further according to the strictures of the fiscal compact, and the structural deficit rule might not be observed. Thus, the country's accession to the euro zone in 2015 might in some sense produce a condition of moral hazard enabling the ruling coalition to relax its fiscal-discipline targets, especially if EU institutions continue to take a lax approach toward the fiscal policies of countries such as France and Italy.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania:

http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

Research and Innovation

R&I Policy
Score: 7

Lithuania's economy is characterized by a low level of innovation. As assessed by the EU Innovation Scorecard, the country performs below the EU average, falling into the country group called "moderate innovators."

Lithuania was ranked 39th out of 143 countries assessed in the 2014 Global Innovation Index. The country has set an ambitious target of spending 1.9% of GDP on R&D by the 2020; however, this level has hovered around 0.8 – 0.9% of GDP in recent years (reaching 0.9% in 2012). Moreover, the share of this sum spent by the business sector was very low, totaling just 0.24% of GDP in 2012. Within the country's innovation system, research is oriented only weakly to the market, research products are not supported with sufficient marketing or commercialization efforts, investment is fragmented, funding levels are not competitive with other European states, and enterprises do not participate in international markets to any significant degree.

Lithuanian authorities have used EU structural funds to improve the country's R&D infrastructure. So-called science valleys have been developed, integrating higher-education institutions, research centers and businesses areas that work within specific scientific or technological areas. This was a high priority for European Regional Development Fund support in the 2007 – 2013 period whose investments contributed to increasing Lithuania's R&D intensity. However, using this new research infrastructure efficiently remains a major challenge. The government has also supported the sector through financial incentives (in particular, an R&D tax credit for enterprises) and regulatory measures. Demand-side measures encouraging innovation are less developed. Excessively bureaucratic procedures are cited by the science and business communities as among the main obstacles to research and innovation in Lithuania. The government recently developed a new smart-specialization strategy intended to focus resources on science and technology areas in which Lithuania can be internationally competitive.

Citation:

The EU Innovation Scoreboard is available at <http://ec.europa.eu/enterprise/policies/innovation/facts-figures-analysis/innovation-scoreboard/>

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania:

http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

See Global Innovation Index 2014 at <https://www.globalinnovationindex.org/userfiles/file/reportpdf/GII-2014-v5.pdf>

Global Financial System

Stabilizing
Global Financial
Markets
Score: 8

Lithuanian authorities contribute to improving financial-market regulation and supervision. The Lithuanian Ministry of Finance and the Bank of Lithuania (the country's central bank) are involved in the activities of EU institutions and arrangements dealing with international financial markets (including the EU Council, the European Commission, the European Systemic Risk Board's

(ESRB) Advisory Technical Committee, the European supervisory authorities, etc.).

In addition, the Bank of Lithuania cooperates with various international financial institutions and foreign central banks, in part by providing technical assistance to central banks located in the European Union's eastern neighbors. Lithuania's Financial Crime Investigation Service cooperates with EU institutions, international organizations and other governments on the issue of money laundering. The country has lent its support to many initiatives concerning the effective regulation and supervision of financial markets. Lithuania will join the euro area and the single European banking supervisory system in 2015.

II. Social Policies

Education

Education Policy
Score: 7

The educational system in Lithuania is comprised of the following stages: 1) early childhood education and care (preprimary and preprimary class-based education); 2) compulsory education for children aged seven through 16 (including primary education, lower-secondary general education, vocational lower-secondary education); 3) upper-secondary and post-secondary education (for persons aged 17 to 19); and 4) higher education provided by universities (undergraduate, graduate and PhD studies) and colleges (undergraduate studies). Lithuania's high level of tertiary attainment has been gradually increasing further in recent years (51.3% in 2013; above the EU average). Its rate of early school leaving is also below the EU average, at just 6.3% in 2013. However, enrollment rates in vocational-education and training programs are low.

The reputation of vocational education and training in Lithuania must be improved, as only 28.4% of all secondary-education students are enrolled in this type of training. Preprimary education attendance is also low, with only 78.3% of Lithuanian children aged four to six attending preprimary education programs, compared to the EU-27 average of 92.3%. Adult participation rates in lifelong learning programs are also comparatively low. Moreover, Lithuania needs to increase the quality of its education programs. In the 2009 and 2012 Program for International Student Assessment (PISA) reports, which evaluate student performance in the areas of reading, mathematics and science, Lithuania was ranked below the OECD average. Furthermore, the country must address mismatches between graduates' skills and labor-market needs, as

the country's youth-unemployment rate of about 22% in 2013 was partly associated with young people's insufficient skills and lack of practical experience.

In terms of equitable access to education, the country shows an urban-rural divide and some disparities in educational achievements between girls and boys. However, there are no significant gaps in access to education for vulnerable groups (with the exception of the Roma population and, to a certain extent, the migrant population). Lithuania spent €0.73 billion on education in 2011 (compared to €0.78 billion in the pre-crisis year of 2008). Overall government spending on education thus fell somewhat during the financial crisis, with higher education given a higher priority at the outset of the crisis thanks to an ongoing higher-education reform. While enrollment rates for Lithuania are relatively high (it was ranked 22nd among 144 countries in the Global Competitiveness Index 2013 – 2014 in terms of tertiary education enrollment), the quality of education has been assessed as comparatively low (ranked 55th of 144 countries in the same report).

Citation:

The Eurydice reports on Lithuania are available at <https://webgate.ec.europa.eu/fpfis/mwikis/eurydice/index.php/Lithuania:Overview>
COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania:
http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.
See the 2014-2015 Global Competitiveness Report of the World Economic Forum:
<http://www.weforum.org/reports/global-competitiveness-report-2014-2015>.

Social Inclusion

Social Inclusion
Policy
Score: 6

The issue of social exclusion is a key challenge for Lithuania's social policy. In 2012, 32.5% of the Lithuanian population was at risk of poverty and social exclusion, one of the highest such rates in the European Union. Families with many children, people living in rural areas, youth and disabled people, unemployed people, and elderly people are the demographic groups with the highest poverty risk.

The Lithuanian authorities have set a goal of reducing the size of the population at risk of poverty or social exclusion to 814,000 individuals (from 1,109,000 in 2010). The number of people at risk of poverty and social exclusion fell to 975,000 in 2012 thanks to the economic recovery and some policy measures, but remained above the pre-crisis level. In its 2014 assessment of Lithuania's national reform program, the European Commission pointed out that monetary poverty among specific groups has increased in Lithuania. The current government increased the monthly minimum wage and

the non-taxable threshold of the income tax in order to reduce poverty (and the growing incidence of monetary poverty).

A mix of government interventions (general improvements to the business environment, active labor-market measures, adequate education and training, cash social assistance, and social services targeted at the most vulnerable groups) is needed in order to ameliorate Lithuania's remaining problems of poverty and social exclusion. The Lithuanian authorities have adopted a social-cohesion action plan for the 2014 – 2020 period.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2014 national reform program and convergence program for Lithuania:

http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

Health

Health Policy
Score: 7

The Lithuanian health care system includes public-sector health care institutions financed primarily by the Statutory Health Insurance Fund as well as private-sector health care providers financed both by the fund and patients' out-of-pocket expenditures. According to the 2010 Eurobarometer report, only 40% of Lithuanians assessed the overall quality of the country's health care as good in 2009, compared to an EU-27 average of 70%. The Lithuanian health care system received the seventh-lowest rating in the European Union, with 58% of respondents saying that the overall quality of health care was fairly or very bad.

As reported in the 2007 Eurobarometer report, 65% of Lithuanians perceived gaining access to hospitals to be very or fairly easy, but this indicator was also below the EU-27 average of 76%. In the same survey, the Lithuanians assessed the affordability of hospitals less favorably than was the EU-27 average; 33% of Lithuanians asserted that hospital services were not very affordable or were not at all affordable, compared to the EU-27 average of 21%. Lithuania spent only about 7% of GDP on health care in 2010. This share increased during the 2007 – 2009 period, fell again in 2010 due to the economic crisis, with lower contributions by employees and their employers to the National Health Insurance Fund largely offset by budgetary transfers. Spending on preventive-care and other related health programs as a percentage of current health care expenditure is quite low, while spending on pharmaceutical and other medical non-durables (as a percentage of current health expenditure) is quite high.

Nevertheless, new prevention-focused programs were recently introduced by the National Health Insurance Fund. The provision of health care services varies to a certain extent among the Lithuanian counties; the inhabitants of a few comparatively poor counties characterized by lower life expectancies (e.g., Tauragė county) on average received fewer health care services. Out-of-pocket payments remain high (in particular for pharmaceuticals), a fact that may reduce health access for vulnerable groups. Seeking to improve service quality and cost efficiency, the previous government sought to optimize the network of personal health care organizations; the overall number of these bodies was consequently reduced from 81 to 62 by the end of 2012. The current government by contrast places more emphasis on the accessibility of health services, the role of public health care organizations in providing these services, and the issue of public health in overall health policy. If the country's primary-care system is strengthened, more patients could be treated at this level, thus increasing overall efficiency in the health system. However, instead of dealing with issues of efficiency and undertaking a restructuring of services providers, the minister of health care simply criticized private health care service providers. In mid-2014, he was nominated by the government to the European Commission, and became a commissioner responsible for health and food safety.

Citation:

The 2010 Eurobarometer report is available at

http://ec.europa.eu/public_opinion/archives/ebs/ebs_327_en.pdf

The 2007 Eurobarometer report is available at

http://ec.europa.eu/public_opinion/archives/ebs/ebs_283_en.pdf

Murauskiene L, Janoniene R, Veniute M, van Ginneken E, Karanikolos M. Lithuania: health system review. *Health Systems in Transition*, 2013; 15(2): 1–150.

http://www.euro.who.int/__data/assets/pdf_file/0016/192130/HiT-Lithuania.pdf.

Families

Family Policy
Score: 6

Many Lithuanian families find it difficult to reconcile family and work commitments. The prevalence of poor relations, as well as frequent instances of domestic violence, divorces and single-parent families also present challenges to stable family life. The country's fertility rate is low, while the child poverty rate is relatively high. However, the employment rate among women aged 20 to 64 is relatively high, at 66.7% in 2011 as compared to 67.7% for men.

Lithuanian family policy is based on a set of passive (financial support to families) and active (social services and infrastructure) policy measures. The government provides some support for women seeking to combine parenting

and employment, including family and social-welfare legislation (e.g., special conditions of the Labor Code applicable to families), financial assistance to families raising children (child benefits and partial housing subsidies), and social services targeted at both children and parents (including the provision of preschool education and psychiatric help for parents or children). However, access to kindergartens and other child care facilities is still insufficient (especially in the city of Vilnius) and there is a shortage of both full-time and part-time flexible employment opportunities in the labor market. Overall, family policy is quite fragmented and focused on families facing particular social risks, while more attention should be paid to developing more universal family services (with NGO engagement).

Pensions

Pension Policy
Score: 7

Lithuania's pension system does not adequately protect recipients against old-age poverty. The share of the population over 65 years of age who are poor or suffer from social exclusion is well above the EU average; indeed, since the crisis, 35.7% of all people over 65 are at risk of poverty in 2012. During the financial crisis, the Lithuanian authorities were forced to cut social expenditures (including pensions), thus increasing the risk of poverty for some retired people. However, pensions were restored to their pre-crisis levels as of 1 January 2012, and policymakers later decided to compensate pensioners for pension cuts made during the crisis within a period of three years.

In terms of intergenerational equity, Lithuania's three-pillar pension system, which mixes public and private pension programs, should ensure equity among pensioners, the active labor force and the adolescent generation. The 2004 pension reform added two privately funded pillars (a statutory pillar that receives a portion of mandatory state social-insurance contributions, and a voluntary pillar that is funded through private contributions) to the pay-as-you-go (PAYG) state insurance fund. However, this system as a whole suffers from instability and uncertainty; for instance, during the financial crisis, the government cut the share of social-security contributions going to the second-pillar private pension funds from 5.5% to 1.5%. Beginning in 2013, this contribution was increased to 2.5%. Also in 2013, another change to the private-savings system was introduced that reduced the contribution level to 2%. Furthermore, it allowed individuals either to stop their private contributions or to gradually top up 2% from the social-security contributions to the state insurance fund. Beginning in 2020, the share of contributions transferred from the state social-security fund to private funds is expected to be increased to 3.5%. However, during debates on the draft 2015 budget some government-coalition policymakers said that a complete overhaul of the private-savings systems may be necessary if budget forecasts prove to be too

optimistic, and that there is thus a need to find additional revenue sources in 2015. Comments of this nature have led the population to distrust the pension system, complicating the task of accumulating adequate retirement savings.

In terms of fiscal stability, Lithuania's pension system faces unfavorable demographic change ahead. The old-age dependency ratio is projected to more than double by 2060 as the working-age population shrinks by a projected 35.8%. The parliament approved a gradual increase in the age of pension eligibility to 65 years in 2011, and in 2012 changed the pension-system's second pillar to provide for a possible gradual increase in the share of social contributions received by private funds (however, only 33% of those who participated in the previous pension scheme decided to join a new scheme). The unsustainable PAYG pillar continues to pose a risk to the sustainability of public finances overall. Therefore, a comprehensive reform of the state insurance fund, including pensions as well as other social expenditures, remains necessary in order to ensure its long-term sustainability while safeguarding its ability to protect people from poverty. In addition, the statutory retirement age should be better aligned with increasing life expectancies in Lithuania.

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http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_lithuania_en.pdf.

Integration

Integration Policy
Score: 7

Lithuania remains a largely homogeneous society. The country's 30,000 foreign residents (as of the beginning of 2011) represent just 1% of the country's population. Immigration of foreign nationals to Lithuania is comparatively rare, totaling a average of about 2000 people per year. This inflow decreased further during the financial crisis due to reduced labor demand, though the situation is changing with economic recovery. Most foreigners come to Lithuania from Belarus, the Russian Federation and Ukraine, all former republics the Soviet Union. For this reason, their integration into Lithuanian society is not very difficult. However, a number of developments call for the implementation of integration measures, including the country's rising flows of legal and illegal immigration; the economic recovery, which helped contribute to the recent increase in the number of work permits granted to third-country nationals; and the language and cultural problems faced by foreign residents in Lithuania.

Migrants from other EU member states tend to integrate into Lithuanian society more successfully than do third-country nationals. Various cultural, educational and social programs, including the provision of information, advisory, training services, and Lithuanian language courses are aimed at integrating migrants into Lithuanian society. However, labor-market services are not sufficiently developed in this regard, and foreign residents' access to relevant education and training programs in practice remains limited. In general, Lithuania maintains a restrictive immigration regime, especially for immigrant labor.

Safe Living

Safe Living
Conditions
Score: 7

Lithuania's internal security has improved in recent years, in part thanks to Lithuania's accession to the European Union in 2004 and to the Schengen zone in 2007. These relationships improved police cooperation with the country's EU peers and allowed the public security infrastructure, information systems and staff skills to be upgraded. Crime rates fell during the 2005 – 2007 period, but this trend was reversed beginning in 2008, coinciding with the onset of the economic crisis. The country has a high number of homicides by EU standards, and the population expresses a relatively low level confidence in the police. In the 2011 Eurobarometer survey, 58% of Lithuanians either disagreed or totally disagreed with the statement that their country was doing enough to fight organized crime, as compared to an EU-27 average of 42%.

State funding for internal-security purposes remains limited; though it gradually increased between 2004 and 2008, government expenditure for public-safety purposes dropped from 2.4% of GDP in 2008 to 2.1% in 2011. Observers say that motivation, competence and stability within the police force (and other internal-security organizations) are among the most pressing challenges to improving public safety. According to the 2011 Eurobarometer report, 42% of Lithuanians felt corruption to be an issue very important to citizens' security, while just 5% felt the same about terrorism threats, and 2% for civil wars/wars. The annual report of the Lithuanian Security Department has recently highlighted threats linked to the activities of external intelligence services from neighboring non-NATO countries. The country is also reconsidering its internal-security policies due to increasing threats associated with Russia's intervention in Ukraine.

Citation:

The 2011 Eurobarometer reports is available at http://ec.europa.eu/public_opinion/archives/ebs/ebs_371_fact_lt_en.pdf.

Global Inequalities

Global Social
Policy
Score: 7

Through its development aid policy, the Lithuanian government participates in international efforts to promote socioeconomic opportunities in developing countries. Lithuania provides development aid to Belarus, Ukraine, Moldova and Georgia, as well as Afghanistan (where it is involved in the civilian-military mission) through its own development-aid and democracy-support program, as well as through the European Development Fund, to which it provides a financial contribution (representing 65% of the country's total development aid). Moreover, in 2011 Lithuania joined the World Bank's International Development Association, which provides loans and grants for anti-poverty programs. Although Lithuania committed to allocating 0.33% of its gross national product to development aid by 2015 as part of its contribution to the U.N. Millennium Development Goals, current levels of government expenditure in this policy area (about 0.11% in 2013) remain under the target. It is hard to judge the real impact of Lithuania's development aid given the absence of independent evaluations. In 2013, Lithuanian development-aid policy focused on advocating for women's rights and equal opportunities around the world.

As a member of the European Union, Lithuania is bound by the provisions of the EU's common policy toward external trade. Although the EU generally maintains a position of openness with regard to trade and investments, it has retained some barriers to market access and other measures that distort international competition. In rare cases, Lithuania has adopted measures within the EU's external trade regime that restrict trade (e.g., along with other countries, Lithuania prohibited import of a specific genetically modified maize, a measure related to consumer- and environmental-protection concerns, rather than being based on new or additional scientific information about the impact of GMOs). Despite being a small and open economy and officially advocating open global trade policies, Lithuania has often aligned itself in trade discussions with the EU's most protectionist countries, especially on the application of such instruments as antidumping duties. It has also supported trade protection in the farming sector, backing EU import duties on key agricultural products that hurt developing countries specializing in agricultural exports.

Citation:

The Lithuanian Ministry of Foreign Affairs, Lithuanian development aid, 2013. http://www.orangeprojects.lt/site/newfiles/files/Lietuvos_vystomasis_bendradarbiavimas_2013.pdf.

Elsig, M., "European Union trade policy after enlargement: larger crowds, shifting priorities and informal decision making," *Journal of European Public Policy*, 17:6, September 2010, p. 781-798.

III. Environmental Policies

Environment

Environmental
Policy
Score: 8

Lithuania's environmental performance varies significantly by sector. Lithuania's energy intensity is more than twice the EU average, with the residential-housing sector being particularly energy-inefficient. Progress toward a low-carbon economy is limited in most sectors of the economy, and CO₂ emissions per capita are still relatively high. Renewable energy represented about 23% of total energy consumption in 2010. Water-supply and sewage infrastructure has benefited substantially over the years through the use of EU structural funds, but providing adequate connections to the public water supply still remains a challenge in some cases.

Moreover, there are deficiencies in the treatment of wastewater, with significant differences evident between rural and urban areas. The country's treatment of forests is much stronger, with Lithuania topping the 2012 Environmental Performance Index's forest category due to strong results in the areas of forest cover, growing stock and forest loss. With respect to biodiversity, Lithuania's protected areas cover 15.6% of the country's territory, but only 22% of habitat types and 54% of the protected species in Lithuania are subject to preservation efforts, according to European Commission reports. Separately, 94% of the country's municipal waste continues to go to landfills, with just 6% of waste recycled. Infrastructure for waste sorting and recycling has not yet been developed, and most non-hazardous waste is disposed of in landfills.

Citation:

The Article 17 EU Habitats Directive Reports available at http://ec.europa.eu/environment/nature/knowledge/rep_habitats/

The Environmental Protection Index is available at http://epi.yale.edu/epi2012/country_profiles

Global Environmental Protection

Global
Environmental
Policy
Score: 7

Lithuanian policymakers do contribute to international efforts to strengthen global environmental-protection regimes, but this policy area is not perceived as a government priority. Lithuania has demonstrated commitment to existing regimes (especially those promulgated by the European Union or promoted by its institutions) by incorporating international or European environmental provisions into national legislation or strategic documents, and implementing

them. For example, in 2012, the Lithuanian parliament approved a national policy strategy on climate-change management as a further step in implementing Lithuania's commitments in the area of climate change and energy. Although Lithuanian policymakers are not usually active in advancing global environmental strategies, Lithuania contributed to the Warsaw Climate Change Conference in 2013 as part of its EU Council presidency. In addition, Lithuania successfully initiated the 2013 U.N. resolution on cooperative measures to assess and increase awareness of environmental effects related to waste originating from chemical munitions dumped at sea. The country's institutions are most active at the regional level, for instance addressing issues related to the Baltic Sea.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Lithuania's regulations provide for a fair registration procedure for all elections. In general, neither individual candidates nor parties are discriminated against. Minimal requirements for establishing a political party and registering candidacies produced a large number of candidates in the 2012 parliamentary elections. Independent candidates as well as party-affiliated candidates can stand for election. However, a few provisions should be noted. The provision that "any citizen ... who is not bound by an oath or pledge to a foreign state... may be elected" does not conform to the evolving jurisprudence of the European Court of Human Rights on matters of dual citizenship. That court also ruled that imposing a lifetime ban on standing for elected office on former President Rolandas Paksas, who was impeached in 2004, was a disproportionate punishment. As of the time of writing, this restriction has not yet been lifted, and Paksas, the Order and Justice party's leader, was thus not able to run in the 2014 presidential elections. While the Lithuanian parliament did form an ad hoc commission to implement the court ruling on Paksas's electoral eligibility, the final vote had not taken place by the time of writing.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

OSCE/ODIHR Election Assessment Report on the 2014 presidential elections in Lithuania, <http://www.osce.org/odihr/elections/116359?download=true>

ECHR judgement of Jan. 6 of 2011 on Case of Paksas v. Lithuania, [http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-102617#\"itemid\":\[\"001-102617\"\]](http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-102617#\).

Media Access
Score: 9

The publicly owned media are obliged to provide equal access to all political parties and coalitions. Debate programs on the state-funded Lithuanian Radio and Television are financed by the Central Electoral Commission. The media are also obliged to offer all campaigns the same terms when selling air time for paid campaign advertisements.

Newly introduced restrictions on political advertising, as well as restrictions on corporate donations to political parties, reduced the ability of the most well-financed parties to dominate the airwaves in the run-up to the elections.

Privately owned media organizations are not obliged to provide equal access to all political parties.

According to the Organization for Security and Co-operation in Europe (OSCE), during the run-up to the 2014 presidential elections, the media environment was diverse and coverage of the campaign was thoroughly regulated. Candidates were provided with free air time on an equal basis by the public broadcaster, and all media were obliged to provide equal conditions for paid advertising. Although it was asserted by some that incumbent officials were provided with more media coverage, this had no impact on the level playing field among candidates.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

OSCE/ODIHR Election Assessment Report on the 2014 presidential elections in Lithuania, <http://www.osce.org/odihr/elections/116359?download=true>.

Voting and
Registrations
Rights
Score: 9

All citizens who are over the age of 18 on Election Day are eligible to vote. Although citizens living abroad may vote if they preregister, only 11% of the Lithuanian citizens who have declared themselves to be living abroad registered to vote in the 2012 parliamentary elections. A number of proposals for the introduction of Internet-based voting have been rejected by the Seimas, Lithuania's parliament. Votes can be cast in person on Election Day, but provisions are also made for early voting, out-of-country voting, voting in special institutions, and voting for those who are homebound. There are no specific disincentives to voting, although the absence of Internet voting capabilities may limit participation rates for citizens living abroad, as overseas voting must be done in person in diplomatic missions that are usually located in the capitals or other major cities of foreign countries. Unlike in the first round of the autumn 2012 parliamentary elections, when a vote-buying scandal led to the cancellation of results and a second ballot in two races, no such cases of suspected vote buying came to light during the 2014 presidential elections. However, concerns about vote-buying remain in rural areas.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

OSCE/ODIHR Election Assessment Report on the 2014 presidential elections in Lithuania, <http://www.osce.org/odihr/elections/116359?download=true>.

Party Financing
Score: 7

Political parties may receive financial support from the state budget, membership fees, bank loans, interest on party funds and through citizens' donations of up to 1% of their personal income tax, as well as through income derived from the management of property; the organization of political, cultural and other events; and the distribution of printed material. State budget

allocations constitute the largest portion of political parties' income, as corporations are no longer allowed to make donations to political parties or to election campaigns. All donations exceeding about €11,800 must be made public, and there is an expenditure limit (about €765,000) linked to the number of voters.

Campaign-finance regulations are detailed, and sanctions for violating the law were recently increased. However, implementation of the rules should be more closely monitored and enforced in practice. For example, the ruling Labor Party has been brought to court for failing to include about €7 million in income and expenditure in its official records through the 2004 – 2006 period. This bookkeeping-fraud case, which has been ongoing for more than six years, had not yet concluded at the time of writing, illustrating the difficulties in enforcing party-financing rules.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

OSCE/ODIHR Election Assessment Report on the 2014 presidential elections in Lithuania, <http://www.osce.org/odihr/elections/116359?download=true>.

Popular Decision-Making
Score: 8

Lithuanian citizens can propose policies and make binding decisions on issues of importance to them through referendums and petitions. Since the reestablishment of Lithuania's independence in 1990, there have been 12 referendums, although only five of these have been successful (including the 2004 referendum approving Lithuania's membership in the European Union and the 2012 consultative (advisory) referendum on the construction of a new nuclear power plant). The most recent referendum took place in June 2014, but failed due to low voter turnout. It was initiated by a group of citizens, and aimed both at restricting the sale of land to foreign citizens, and at reducing to 100,000 the number of signatures required to trigger a referendum. Today, to call a referendum, a total of 300,000 signatures of Lithuanian citizens having the right to vote must be collected within three months. For the referendum to be valid, more than one-half of all voters must participate. Citizens also have the right to propose a legislative initiative (by collecting 50,000 signatures within two months) that, if successful, will be addressed by parliament. Only one draft resolution based on a citizens' initiative has been registered for the 2012 – 2016 Seimas. A right to petition also exists, under which individuals can address the parliament's Petition Commission.

Access to Information

Media Freedom
Score: 9

Lithuania's media are not subject to government influence, and their independence is respected by the incumbent government. Private newspapers

and independent broadcasters express a wide variety of views and freely criticize the government. In Reporters Without Borders' 2014 Press Freedom Index, Lithuania was ranked 32nd among 180 countries in terms of press freedom (an improvement of two positions compared to the previous year). Despite this generally satisfactory situation, court decisions and prosecutors' orders are sometimes a threat to media independence. The courts recently ruled that Lithuanian intelligence services had acted illegally in 2013 and 2014 by tapping the phones of journalists from the Baltic News Services. In addition, the media's independence could be compromised by the fact that the government remains one of the main advertisers.

Citation:

2013 WORLD PRESS FREEDOM INDEX, see <http://en.rsf.org/press-freedom-index-2013,1054.html>

2014 WORLD PRESS FREEDOM INDEX, see http://rsf.org/index2014/data/index2014_en.pdf

Media Pluralism
Score: 7

Lithuania's electronic and print media markets are characterized by a mix of diversified and oligopolistic ownership structures. Ownership structures are not transparent. Publicly owned electronic media (the state-funded National Radio and Television) to some extent compensate for deficiencies or biases in private-sector media reporting. According to Transparency International (the Vilnius office), some media entities are more transparent than others. In 2007, the organization singled out Verslo Žinios and Valstiečių laikraštis among the print media and the Lithuanian Television from the electronic media for transparency, while print publication Respublika and Baltic Television were criticized in this regard. In 2014, the Journalists' and Publishers' Ethics Commission criticized print publications Respublika and Lietuvos rytas for failing to comply with professional ethics in publishing public information. In some cases, business conglomerates own multiple newspapers and TV channels. In addition, although state and municipal institutions cannot legally act as producers of public information, the Druskininkai municipality finances a newspaper that is freely distributed to local people by working through an educational organization. Recent parliamentary attempts to prohibit such practices were unsuccessful.

Citation:

See the 2007 Report of Transparency International (the Vilnius office) in http://transparency.lt/media/filer_public/2013/01/22/skaidresnes_zinia_sklaidos_link.pdf

See information by the Journalists' and Publishers' Ethics Commission <http://www.lzlek.lt/index.php?lang=1&sid=371&tid=400>

Access to
Government
Information
Score: 9

The principle of freedom of information is upheld in Lithuania's constitution and legislation. For instance, the Law on the Provision of Information to the Public states that, "Every individual shall have the right to obtain from state and local authority institutions and agencies and other budgetary institutions public information regarding their activities, their official documents (copies),

as well as private information about himself.” Appeals can be made to an internal Appeals Dispute Commission and to administrative courts. Legal measures with regard to access to government information are adequate, and do not create any access barriers to citizens; however, citizens often fail to take advantage of their right to use this information.

Although Lithuania joined the multilateral Open Government Partnership initiative in 2011, it missed a key deadline for submitting a self-assessment report. In 2014, the Government Office developed a new action plan for improving open-government practices throughout the country. The administration’s open-government practices were being reviewed by the OECD at the time of writing.

Citation:

<http://www.opengovpartnership.org/blog/ogp/2014/02/12/three-cohort-2-countries-will-not-receive-irm-reports>.

Civil Rights and Political Liberties

Civil Rights
Score: 8

It is relatively easy for all residents to gain Lithuanian citizenship, and civil rights are officially protected by the constitution and other legislative provisions. However, there are some problems regarding effective protection of citizens’ rights. According to the U.S. Department of State, Lithuania’s most significant human rights problems include poor prison conditions, intolerance of sexual and ethnic minorities, and the lengthy detention of persons awaiting trial. Additional problems include interference with personal privacy, domestic violence, child abuse, and libel and anti-discrimination laws that limit the freedom of expression. Lithuanian authorities do seek to prosecute or otherwise punish officials who committed abuses, and Lithuanian courts provide legal protection against illegitimate or unjustifiable interventions into personal life. However, the country’s score on the Civic Empowerment Index, produced by the Civil Society Institute since 2007, remains low, at 36 out of a possible 100 in 2013 compared to 35.5 in 2010. Lithuanian society shows only an average interest in public affairs, while the social environment remains unfavorable for civic engagement. The share of the Lithuanian population indicating that they had experienced violations of their rights fell to 18% in 2012, while only 18% overall have taken action to protect themselves, indicating an insufficient degree of awareness of human rights.

Citation:

Country Report on Human Rights Practices for 2011 on Lithuania is available at <http://www.state.gov/j/drl/rls/hrrp/t/humanrightsreport/index.htm#wrapper>
The Index of Civil Power measured by the Civil Society Institute is available at

<http://www.civitas.lt/lt/?pid=74&id=78>

Survey on the situation of human rights in Lithuania, http://www.hrmi.lt/uploaded/PDF%20dokai/TYRIMAI/Vilnius%20visuomenes%20nuomones%20apklausa_Santrauka_2012.pdf

Political Liberties
Score: 9

Lithuanian institutions generally respect the freedoms of assembly and association. In 2014, Lithuania obtained the score of one (with one being the best) from Freedom House on the issue of political rights and civil freedoms. Lithuanian political parties operate freely, with the Communist Party being the only banned grouping. Non-governmental organizations may register without serious obstacle, and human-rights groups operate without restrictions. In 2010, an appeals court ruled that Lithuania's first gay-pride parade could go ahead on the basis of the right to peaceful assembly. This parade (a controversial issue in this majority Roman-Catholic country) was initially banned by a lower court due to concerns over potential violence. Another gay-pride parade was allowed to be held in the center of Vilnius in 2013. The freedom of religion is also largely upheld in practice, but certain government benefits are granted only to traditional religious communities. Workers may form and join trade unions, strike, and engage in collective bargaining, but slightly less than 10% of the country's workforce is unionized. The Lithuanian Supreme Court has ruled that the right to strike can be used only after other measures provided for in the Labor Code have been exhausted.

Citation:

The 2014 freedom rating of Lithuania by the Freedom House is available at <http://www.freedomhouse.org/report/freedom-world/2014/lithuania-0#.VC7oKfmSxzU>.

Non-discrimination
Score: 7

Lithuania legislation is largely consonant with European non-discrimination standards. The country's Criminal Code regulates racially motivated and xenophobic incidents and discriminatory acts. In 2013, Lithuania made it possible to conduct investigations into and prosecute domestic-violence offences without the victim's consent, and simplified the procedure for legal gender recognition based on the submission of medical proof of gender-reassignment surgery.

The number of criminal acts deemed to be inciting hatred increased in 2011 compared to 2010. A number of state institutions are tasked with preventing various forms of discrimination, but their activities lack coordination. Furthermore, NGOs implement activities aimed at strengthening the participation and representation of specific vulnerable groups (i.e., the small Roma population or members of the LGBT (lesbian, gay, bisexual, and transgender) community). Some awareness-raising campaigns have sought to prevent racial discrimination and promote tolerance, but these have been fragmented.

The impact that criminal cases, special representation measures and awareness-raising campaigns have had on the elimination of discrimination is unclear, due to limited information. Lithuania's human rights organizations, particularly the Lithuanian Center for Human Rights, claim that a lack of attention from state institutions, disproportionate budget cuts during the financial and economic crisis, and policy-implementation failures have undermined anti-discrimination and anti-racism efforts.

Some cases of discrimination or racist activities have been observed in recent years, including a resurgence of neo-Nazi activities (e.g., a public march held in 2012) that was emphasized by the United Nations Committee on the Elimination of Racial Discrimination. Despite the adoption of anti-domestic-violence legislation, spousal and child abuse remain problems, as illustrated by a woman's death in 2013 (due to a lack of response from the police emergency-response center). According to Eurobarometer surveys, combating discrimination effectively in Lithuania remains difficult due to a lack of public support.

Citation:

Report on racism and related discriminatory practices in Lithuania can be found at http://cms.horus.be/files/99935/MediaArchive/publications/shadow%20report%202010-11/ENAR%20Shadow%20Report_Lithuania_2011_FINAL_CONFIRMED.pdf
 Information on Lithuania by the Committee on the Elimination of Racial Discrimination is available at <http://www2.ohchr.org/english/bodies/cerd/followup-procedure.htm>
 Also see Freedom House Report on Lithuania in 2014 at <http://www.freedomhouse.org/report/freedom-world/2014/lithuania-0#.VC7oKfmSxzU>

Rule of Law

Legal Certainty
Score: 7

Overall, the regulatory environment in Lithuania is regarded as satisfactory. Its attractiveness was increased by the harmonization of Lithuanian legislation with EU directives in the pre-accession period, as well as by good compliance with EU law in the post-accession period. In the World Bank's 2013 Worldwide Governance Indicators, Lithuania's score for the issue of the rule of law was 73.9 out of 100 (up from 73 the previous year). Although the regional average was 66, the country's score remained below that of most EU member states. The Lithuanian authorities rarely make unpredictable decisions, but the administration has a considerable degree of discretion in implementation. Although administrative actions are based on existing legal provisions, legal certainty sometimes suffers from the mixed quality and complexity of legislation, as well as frequent legislative changes.

The unpredictability of laws regulating business activities, especially the country's tax regime, increased at the start of financial crisis in 2008 – 2009

when taxes were raised to increase budget receipts. However, since that time, successive governments have put considerable focus on creating a stable and predictable legal business environment. The Ministry of Justice provides methodological advice on the legislative process, submits conclusions on draft legal acts, and coordinates monitoring of existing legislation. The Public Management Improvement Program is designed to simplify legal acts and improve their quality.

Nevertheless, in some cases, laws are amended during the last stage of parliamentary voting, generally due to the influence of interest groups, a process that increases legal uncertainty. In addition, the fact that state policies shift after each parliamentary election, including the most recent one in autumn 2012, reduces predictability within the economic environment. This is particularly true with respect to major infrastructural projects such as the new nuclear-power plant, and threatens to undermine incentives to invest in long-term projects. Impact assessments for major legislative initiatives, especially those proposed by members of parliament, are often superficially conducted; this, along with insufficient monitoring of existing legislation, contributes to some uncertainty and contradictions in the legal environment. In one of the most recent cases triggering public debate, the draft state budget for 2015 was adopted despite evaluations by the Central Bank and the National Audit Office stating that it violated the law on fiscal discipline.

Citation:

World Bank. <http://info.worldbank.org/governance/wgi/index.asp>

Judicial Review
Score: 9

Lithuania's court system is divided into courts of general jurisdiction and courts of special jurisdiction. A differentiated system of independent courts allows monitoring of the legality of government and public administrative activities. The Constitutional Court rules on the constitutionality of laws and other legal acts adopted by the Seimas or issued by the president or government. The Supreme Court of Lithuania reviews lower general-jurisdiction court judgments, decisions, rulings and orders.

Disputes that arise in the sphere of the public and internal administration (including the legality of measures passed, as well as activities performed by administrative bodies such as ministries, departments, inspections, services and commissions) are considered within the system of administrative courts. This consists of five regional administrative courts and the Supreme Administrative Court of Lithuania.

The overall efficiency of the Lithuanian court system, at least in terms of disposition time and clearance rate, was assessed by the EU Justice Scoreboard as good. This indicates that the system is capable of dealing with the volume

of incoming cases. However, the number of cases dealing with the legality of administrative acts and judgments delivered by the administrative courts is constantly increasing. According to opinion surveys (i.e., Vilmorius surveys), a comparatively small share of the population trusts the courts (23.9% in September 2014), although the Constitutional Court is accorded a somewhat higher level of trust (35.7% in the same month).

Citation:

The EU Justice Scoreboard, see the Lithuanian case at http://ec.europa.eu/justice/effectiv-justice/files/cepej_study_justice_scoreboard_en.pdf.

For opinion surveys see <http://www.vilmorius.lt/en>

Appointment of
Justices
Score: 9

The country's judicial appointments process protects the independence of courts. The Seimas appoints justices to the Constitutional Court, with an equal number of candidates nominated by the president, the chairperson of the Seimas and the president of the Supreme Court. Other justices are appointed according to the Law on Courts. For instance, the president appoints district-court justices from a list of candidates provided by the Selection Commission (which includes both judges and laypeople), after receiving advice from the 23-member Council of Judges. Therefore, appointment procedures require cooperation between democratically elected institutions (the Seimas and the president) and include input from other bodies. The appointment process is transparent, even involving civil society at some stages, and – depending on the level involved – is covered by the media. However, in a recent World Economic Forum survey gauging the public's perception of judicial independence, Lithuania was ranked only 71st among 144 countries worldwide.

Citation:

See the 2014-2015 Global Competitiveness Report of the World Economic Forum: <http://www.weforum.org/reports/global-competitiveness-report-2014-2015>.

Corruption
Prevention
Score: 6

Corruption is not sufficiently contained in Lithuania. In the World Bank's 2013 Worldwide Governance Indicators, Lithuania's received a score of 67 out of 100 (up from 65.9 one year ago; slightly above the average of 63 for European and Central Asian countries) on the issue of corruption control stood at. The 2013 Eurobarometer poll revealed that Lithuania had the EU's highest percentage (29%) of respondents who claimed that had been asked or expected to pay a bribe for services over the past 12 months (with the EU average of 4 %). According to the Transparency International Corruption Perception index Lithuania was ranked 39th in 2014, up from being ranked 43rd in 2013.

Anti-corruption policy is based on the National Program on the Fight Against Corruption (2011– 2014), which has two primary building blocks: eliminating or minimizing conditions that enable corruption, and enforcing penalties in

cases of identified corruption. According to the Lithuanian Corruption Map of 2011, the most corrupt institutions were the health care sector, the parliament, the courts, the police, and the local authorities. Bribery is perceived to be the main form of corruption by most average Lithuanians, while businesspeople and civil servants respectively identified nepotism and party patronage as the most frequent forms of corruption. According to the World Economic Forum, Lithuanian firms perceive corruption as one of the most problematic factors for doing business in the country. Since state and municipal institutions often inadequately estimate the likelihood of corruption risks, not all corruption causes and conditions are addressed in anti-corruption action plans. The European Commission suggested that Lithuania should develop a strategy against informal payments in healthcare, and improve the control of declarations of conflicts of interest made by elected and appointed officials. The transparency of political party financing also requires additional efforts.

Citation:

The Worldwide Governance Indicators of World Bank are available at <http://info.worldbank.org/governance/wgi/index.asp>.

The Lithuanian Corruption Map is available at http://transparency.lt/media/filer_public/2013/01/22/korupcijos_zemelis_2011.pdf.

The 2012-2013 Global Competitiveness Report of the World Economic Forum is available at http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf.

The European Commission. Annex 15 to the EU Anti-Corruption Report: Lithuania. Brussels, 3.2.2014. COM (2014) 38 final.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 8

Lithuania's strategic-planning system was introduced in 2000 and has been updated several times since. At the central level of government, the planning system involves all stages (planning, monitoring and evaluation) of managing strategic and operational performance. The main strategic documents include the long-term Lithuania 2030 strategy and the medium-term National Progress Program, which is in turn linked to short-term strategic-performance plans and budget programs. The planning system in general is well-institutionalized; its functioning is supported by a network of strategic-planning units within each ministry and a governmental Strategic Planning Committee that was reintroduced in 2013 by the current government. In addition, strategic issues are regularly discussed during meetings of government members or ministerial representatives. A State Progress Council composed of politicians, public and civil servants, academics, businesspeople and other representatives of Lithuanian society was established to help design the Lithuania 2030 strategy and monitor its implementation. Its composition was updated after the new government was appointed, and meetings are held on a regular basis.

Although these strategic and advisory bodies take a long-term approach and offer viable policy solutions, their influence on governmental decision-making in fact varies by specific issue. There is a certain gap between the long-term policy aims contained in various strategic documents and the actual practices of individual public-sector organizations. In addition, politically important decisions are sometimes made without due consideration of strategic priorities, with strategic-planning documents often playing little role in daily decision-making.

Scholarly
Advice
Score: 7

Lithuanian decision-makers are usually quite attentive to the recommendations of the European Commission and other international expert institutions, but are also becoming increasingly receptive to involving non-governmental academic experts in the early stages of government policymaking. The current government under

Social Democratic Prime Minister Algirdas Butkevičius has retained some of the advisory bodies set up under the previous government, and has also created some new expert groups involving academic experts. However, major policy initiatives are usually driven by intra- or interparty agreements rather than by empirical evidence provided by non-governmental academic experts. In many cases, expert recommendations are not followed when the main political parties are unable to come to a political consensus, as was recently the case following a review of the tax system by a working group involving academic experts. In addition, the rarity of ex ante impact assessments involving consultation with experts and stakeholders contributes to the lack of timely advice based on evidence and analysis.

Interministerial Coordination

GO Expertise
Score: 7

Under Prime Minister Kubilius, the Government Office was reorganized into a Prime Minister's Office, and given the task of assisting in the formulation and execution of government policies. This reform increased the capacities of the core government to assess the policy content of draft government decisions, at the expense of its capacity to review their legal quality. However, this latter function was moved to the Ministry of Justice. Shortly after taking power, the Butkevičius government reversed this organizational reform, reorganizing the Prime Minister's Office once again into a Government Office.

The recent development of evidence-based decision-making instruments such as a monitoring information system, a budget-program assessment system and an impact-assessment system has increased the capacity of the core government to monitor and evaluate draft government decisions based on the government's political agenda. However, the degree of effectiveness has varied by instrument, as well as with the relevance and quality of the empirical evidence available for decision-making.

GO
Gatekeeping
Score: 7

Draft government decisions advance primarily as a result of coordination between line ministries and other state institutions at the administrative and political levels. The Government Office has no power to return items envisioned for the cabinet meetings on the basis of policy considerations. However, the prime minister formally sets the agenda of cabinet meetings, thus serving a gatekeeping function. There have been cases in which prime ministers have removed highly politicized issues from a meeting agenda, or on the contrary included such items on an agenda despite the absence of interministerial agreement.

Line Ministries
Score: 7

Under the Butkevičius government, the Government Office proposes annual political priorities and regularly monitors implementation progress. The majority of policy proposals are initiated by ministries and other state institutions, but the Government Office is kept informed with regard to their status and content. The fact that all policy areas are legally assigned to particular ministers, coupled with the fact that governments since 2000 have been coalition governments, has meant

that line ministries enjoy considerable autonomy within their policy areas. The Government Office is sometimes called upon to mediate policy disagreements between line ministries.

Cabinet
Committees
Score: 7

Although Lithuania's government can create advisory bodies such as government committees or commissions, the number and role of such committees has gradually declined since the beginning of the 2000s, when coalition governments became the rule. Top-priority policy issues are frequently discussed in governmental deliberations organized before the official government meetings. However, the Butkevičius government decided to reestablish the Strategic Planning Committee, which is composed of several cabinet ministers and the chancellor, a top prime-ministerial deputy. A European Union Commission continues to act as a government-level forum for discussing Lithuania's EU positions, but this is made up of relevant vice-ministers, and chaired by the minister of foreign affairs. This Commission was actively engaged in the preparation and execution of the program for Lithuania's EU Council presidency.

Ministerial
Bureaucracy
Score: 8

The process of drafting laws and resolutions requires consultation with the ministries and state institutions affected by the issue. The coordination process is led by the ministry responsible for a given issue area. Coordination takes place at different levels of administrative hierarchy: coordination at the civil-servant level followed by that of managers representing the ministries at the government level. Coordination is a lengthy, well-documented process. Joint working groups are sometimes established, while interministerial meetings are used to coordinate the preparation of drafts and resolve disagreements before proposals reach the political level. All draft legislation must be coordinated with the Ministry of Justice. However, the substance of coordination could be improved if the initiators of draft legislation were to use consultation procedures more extensively in assessing the possible impact of their proposals.

Informal
Coordination
Score: 7

Formal mechanisms of interministerial coordination still dominate the decision-making process, despite the emergence of new informal coordination mechanisms and practices at the central level of government. Political councils are created to solve political disagreements within the ruling coalition. In addition, the leadership of political parties represented in the government are often involved in the coordination of political issues. Informal meetings are sometimes called to coordinate various issues at the administrative level. Furthermore, the current government wants to develop a senior civil-service strata that can more actively engage in policy coordination at the managerial level.

Evidence-based Instruments

RIA
Application
Score: 7

Although the production of impact assessments for draft government decisions became mandatory in 2003, high-profile regulatory initiatives are in most cases not in fact subject to in-depth assessment. Seeking to improve the relevance and quality

of impact assessments, the Kubilius government conducted a review of the impact assessment system. The Butkevičius government decided in 2013 to focus the system on top-priority regulatory decisions, while applying rigorous impact-assessment methods such as cost-benefit or cost-effectiveness analyses. The results of such assessments will be presented to the government. In addition to ex-ante impact assessments, the new impact-assessment system will include ex-post assessments. However, no high-profile decision has yet been made through the selection of the best alternative following an RIA process. Thus, in practice, the country's RIA system has evolved from assessments being performed on all new regulation (as established in 2003), but in a very formal manner and often without properly evaluating alternative policy instruments, to a point where it is not performed at all, despite the fact that new methodologies have been adopted and successive governments have declared their intention to improve ex-ante and ex-post assessment. The Government Chancellery has adopted a list of legal initiatives that have the highest priority with regard to assessment, but this remains a purely formal exercise that has little influence on the process of drafting new legal initiatives, and remains detached from actual decision-making.

Quality of RIA
Process
Score: 6

The process of regulatory impact assessment prior to the period under review did not ensure sufficient participation of relevant stakeholders. The quality of impact assessments was not systematically monitored, and results were not publicly available. Under the new impact assessment system, the Government Office is supposed to provide advice on RIA for high-priority regulatory initiatives, while monitoring the process for quality control. The impact assessment guidelines produced in 2012 provide for consultation with societal stakeholders as much as necessary during the assessment process. Under the guidelines, the results of impact assessments are to be made available on the websites of the institutions conducting the assessment.

Sustainability
Check
Score: 6

Lithuanian policymakers are supposed to conduct sustainability checks within the new framework for regulatory impact assessment. The 2012 impact-assessment guidelines provide for the assessment of economic, social and environmental impacts, among other factors. Both short-term and long-term impacts should be assessed under the new guidelines. However, the guidelines do not provide an exhaustive set of impact indicators addressing these impact dimensions. Producing high-quality environmental reviews is likely to remain a challenge under the new system, as it focuses on impacts within the business environment and new administrative burdens. The ex ante evaluation of the 2014 – 2020 operational program supported by EU structural funds included strategic environmental assessment that considered the likely effects of EU investments on the environment (in line with the EU and national legislation).

Societal Consultation

Negotiating
Public Support
Score: 7

In Lithuania, major societal actors are consulted through institutionalized arrangements such the Tripartite Council, as well as through various ad hoc means. In 2010, the Kubilius government signed the National Accord Agreement with major interest groups, including business and labor organizations, making a commitment not to introduce new taxes or increase the existing level of taxation at least through 2011. Major societal actors were also involved in the preparation and monitoring of the long-term Lithuania 2030 strategy, working through the State Progress Council. Both the Kubilius and Butkevičius governments carried out public consultation on a number of policy issues, including pension-system reform, a national energy-independence strategy, anti-corruption policy and open-government measures.

However, the scope of consultation with societal actors remains insufficient, as the consultation process is limited to an exchange of information and positions, with little attempt to achieve consensus among the stakeholders involved. The impact-assessment process also suffers from a lack of consultation, despite the adoption of new legal provisions in recent years to address this issue. For this reason, the Public Management Improvement Program envisages improving consultation with societal stakeholders by defining consultation principles, deadlines and standards.

Citation:

The Public Management Improvement Program (in Lithuanian) is available at http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=418407&p_query=vie%F0ojo%20valdymo%20tobulinimo%20programa&p_tr2=2

Policy Communication

Coherent
Communication
Score: 6

The political fragmentation associated with Lithuania's ruling coalitions has made it difficult to formulate and implement an effective government communications policy. Line ministries and other state institutions are responsible for communicating with the public within their individual areas of competence; however, the Communications Department of the Government Office coordinates these activities and provides the public with information about the government's performance.

On the whole, the government lacks a coherent communication policy. Contradictory statements are rare but do occur to varying degrees depending on the particular government. Although the Butkevičius government announced that it would pursue a whole-of-government approach to public policy and management, the implications of this goal in terms of coherent communications had not been addressed at the time of writing. Moreover, Prime Minister Butkevičius has himself

publicly made contradictory statements on such politically important issues as tax reform or the future of nuclear power in Lithuania, probably reflecting the diversity of opinions within his party and the ruling coalition, as well as changing political circumstances.

Implementation

Government
Efficiency
Score: 7

During the fast process of transition and accession to the European Union, Lithuanian governments' narrow focus on this task produced a lag in policy implementation. The performance of the Kubilius government in terms of implementing its policy priorities was mixed. Although its policy of fiscal consolidation represented one important success, few major structural reforms occurred in Lithuania during the 2008 – 2012 period, with the exception of higher-education reform and a restructuring of the energy sector. The Butkevičius government has outlined a broad set of policy priorities, but its implementation record is also mixed. Lithuania will introduce the euro in 2015, and has made progress on the renovation of apartment blocks and the construction of the liquefied-natural-gas terminal in Klaipėda. However, less progress was achieved in other policy areas. Coalition politics, shifting political attention, the conflicting strategies of various advocacy coalitions, and a mismatch between government priorities and the allocation of resources during the budgeting process largely explain the failure to implement some policy objectives.

Citation:

Vitalis Nakrošis, Ramūnas Vilpišauskas and Vytautas Kuokštis: Fiscal consolidation in Lithuania in the period 2008-2012: from grand ambitions to hectic firefighting.

Ministerial
Compliance
Score: 7

The government's organization provides ministers with various incentives to implement the government's agenda. The primary organizational instruments include coalition agreements, government programs, annual government priorities, identified priority actions and monitoring processes, cabinet meetings and deliberations, and the assignment of ministerial responsibility for policy areas. Since prime ministerial powers within the executive are limited by constitutional provisions and the fragmentation of coalition governments, officeholders need to seek support from other cabinet ministers (including ministers of finance, who tend to share the prime minister's party affiliation), from parliamentary factions, and from the president (who has a veto power over draft laws) as they seek to implement the major objectives of the government program. In addition, as they implement governmental policy, line ministries tend to focus on the sectoral-policy aims falling under their responsibility at the expense of related horizontal-policy aims.

Monitoring
Ministries
Score: 8

The Government Office effectively monitors policy implementation, through several channels. First, it administratively tracks the execution of government actions assigned to different ministries and other state institutions. Second, through its system of information monitoring, it assesses the achievement of government priorities and linked policy objectives on the basis of performance indicators. Progress in the implementation of policy is discussed during cabinet meetings and other government-level deliberations. However, information derived from this monitoring process is only infrequently used to propose corrective action when progress is deemed insufficient. Thus, the monitoring process does not always prevent the prioritization of sectoral or bureaucratic over full-government and horizontal interests in policy implementation.

Monitoring
Agencies,
Bureaucracies
Score: 6

Lithuania's fragmented structure of agencies and other public-sector organizations undermines the effective monitoring of bureaucratic performance. While agencies subordinate to the central government or individual ministries can be monitored relatively efficiently, autonomous organizations such as public nonprofit institutions, foundations and state-owned enterprises that carry out administrative functions are more difficult to control. Parent ministries and third parties acting on behalf of the ministries use a combination of ex ante and ex post oversight mechanisms, including the assessment of agency results. However, many Lithuanian ministries have no professional staff specifically assigned to monitor agency activities, and the interest shown by ministers and other politicians in the performance of agencies depends on the changing salience of political issues. In 2012, the Governance Coordination Center was established as a part of the State Property Fund. Among other tasks, it monitors the implementation of state-owned enterprises' goals, and produces regular reports on the performance of these enterprises. Beginning in 2013, the scope of annual public-sector reports produced by the Lithuanian Ministry of the Interior was expanded to include municipal organizations. However, this ministry's reports remain of a descriptive nature, lacking specific recommendations as to how the performance of individual organizations or their groups might be improved.

Task Funding
Score: 6

Lithuanian municipalities perform both state-delegated (funded through grants from the central government) and independent (funded through a national tax-sharing arrangement and local sources of revenue) functions. Lithuania has a centralized system of government with powers and financial resources concentrated at the central level. The central government provides grants for the exercise of functions delegated to the local level, as local authorities have minimal revenue-raising powers. In 2012, the Congress of Local and Regional Authorities expressed its concern that Lithuanian municipalities have limited capacities and insufficient resources to deliver the services delegated to them. Municipal concerns, including that of adequate funding, are addressed by a joint commission that includes the

Lithuanian government and the Association of Lithuanian Municipalities. Proposals have been made to change the existing legal framework governing the allocation of municipal revenue, with the aim of securing more funds for municipalities from this source.

Citation:

State of local and regional democracy in Lithuania, see

<https://wcd.coe.int/ViewDoc.jsp?id=1925765&Site=Congress&BackColorInternet=e0cee1&BackColorIntranet=e0cee1&BackColorLogged=FFC679>

Constitutional
Discretion
Score: 6

The central government generally respects local authorities' constitutional scope of power, but centrally determined political, legal, administrative or fiscal measures sometimes constrain subnational policymaking and implementation autonomy. In addition to the problems of limited powers and insufficient fiscal resources, the elimination of county administrations and other central-level decisions have reduced municipalities' policymaking and implementation capacities in areas such as territorial planning, construction, and the regulation of land ownership.

National
Standards
Score: 6

National public-service standards at the subnational level are ensured through centralized or regional governance arrangements. For example, landfills are connected in a regional network of service providers. The decentralized provision of other public services at the local level has produced uneven quality in areas such as school education or the accessibility of primary health care services. The Public Management Improvement Program aims at defining minimal-quality standards for various public functions such as health care, education and social services. In addition, the Sunset Commission – a commission tasked with finding ways to improve state administrative functions – has advised the central government to provide recommendations to municipal authorities regarding general administrative functions such as personnel policies. However, any such recommendations have yet to be systematized.

Citation:

The Public Management Improvement Program (in Lithuanian) is available at http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=418407&p_query=vie%F0ojo%20valdymo%20tobulinimo%20programa&p_tr2=2

Adaptability

Domestic
Adaptability
Score: 9

Lithuania's policymakers have over time significantly adapted domestic government structures to international and supranational developments. A network of semi-independent regulatory agencies was developed during the pre-accession period. After the completion of EU accession negotiations, Lithuania's system of coordinating EU affairs was gradually moved from the core government to the Ministry of Foreign Affairs, and decentralized to line ministries in the case of specific sectoral matters. The relatively fast absorption of EU funds in Lithuania (with 79% of EU payments already disbursed by the middle of 2014) indicates that

International
Coordination
Score: 7

Lithuanian institutions and procedures have been quite adequately adapted to the implementation of EU-funded programs. However, adoption of EU policy has largely taken place on a formal basis, rather than indicating substantial policy learning. Institutional adjustment has not led to significant structural policy reforms, with the partial exception of the country's higher-education reforms. The central bank's capacities were strengthened as a result of recent preparations for the introduction of the euro in 2015, while the adoption of economic-governance rules for the euro zone resulted in an expansion in the role and capacities of the National Audit Office.

Lithuania actively engages in international policy cooperation. One of its top foreign policy priorities is the EU's Eastern Partnership, working through the framework of the European Neighborhood Policy. Since 2005, Lithuania has been part of the International Security Assistance Force in Afghanistan. The country's policymakers have managed to coordinate their involvement in these international fields quite effectively. In 2012, Lithuania joined the OECD forum for transparency and the exchange of information for tax purposes, and completed a first compliance assessment. In 2015, Lithuania will start its accession process to the OECD. In the second half of 2013, Lithuania took over the rotating EU Council presidency, and was afterward assessed by other EU institutions and member states as performing effective work. Furthermore, Lithuania became a non-permanent member of the U.N. Security Council for the 2014 – 2015 term. However, the Lithuanian government has been less willing or able to contribute to such global challenges as climate change or trade liberalization (except in the context of its EU Council presidency).

Citation:

Vilpisauskas, R. "Lithuania's EU Council Presidency: Negotiating Finances, Dealing with Geopolitics," *Journal of Common Market Studies*, vol. 52, Annual Review, August 2014, pp. 99-108.

Organizational Reform

Self-monitoring
Score: 8

Lithuania's policymakers monitor institutional governing arrangements regularly and effectively. During the global financial crisis, the Kubilius government initiated broad organizational reforms across the country's public sector institutions. All Lithuanian ministries were restructured, while several government and many ministerial agencies were abolished or reorganized in the 2009 – 2011 period. The Butkevičius government continues to monitor the public administration on the basis of annual public-sector reports and specific functional reviews. The rules of procedure and business processes are frequently reviewed using quality-management instruments, the application of which is becoming increasingly widespread in the country's public administration. However, the results of these monitoring processes are not sufficiently used in making decisions, and some

Institutional
Reform
Score: 9

changes to institutional arrangements remain motivated by governments' short-term political needs.

Lithuania's government has in some cases improved its strategic capacity considerably by changing its institutional arrangements. The Kubilius government made significant changes to existing government structures and procedures in order to enhance its policy capacity. According to the governmental "Sunset" commission, the number of central-level institutions decreased from 1,190 in 2008 to 855 in 2011. The Butkevičius government reestablished the Strategic Planning Committee and maintained a number of the institutional bodies established under the previous government (such as the State Progress Council and the Sunset Commission, which was renamed the Public Management Improvement Commission).

Citation:

Saulėlydžio komisija, Valstybės valdymo tobulinimo komisijos (Saulėlydžio Komisijos) 2009–2012 m. veiklos ataskaita: rezultatai ir gairės tolesniems pokyčiams. 27.11.2012.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 5

Citizens have access to some government information, but the public in large part lacks the civic awareness and policy knowledge that enables an adequate understanding of government policymaking and facilitates participation. In 2011, Transparency International indicated that 44% of citizens surveyed said there was too much information not made publicly available by state and local institutions.

Several initiatives aimed at improving the citizens' access of information do exist, however. The Public Management Improvement Program is designed to achieve this goal by defining the scope and content of public information to be made accessible, and by centralizing the provision of information about the government's performance. In addition, the Lithuania 2030 Strategy envisions the implementation of programs devoted to educating responsible citizens. A focused review of open-government practices has been launched as part of the Lithuania-OECD Action Plan.

Citation:

Reference to the Report of Transparency International:

http://transparency.lt/media/filer_public/2013/01/22/informacijos_prieinamumas_lietuvoje.pdf

Reference to the Public Management Improvement Program:

http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=418407&p_query=vie%F0ojo%20valdymo%20tobulini%20programa&p_tr2=2.

Legislative Actors' Resources

Parliamentary
Resources
Score: 9

Members of parliament as a group have adequate personnel and structural resources to monitor government activities in an effective way. They have resources including personal staff; personnel assigned to parliamentary committees, commissions and other structures; and access to the Parliamentary Research Department. Expenses incurred by calling experts for testimony or consultation can be reimbursed. Despite these resources, political parties are frequently unable to engage in professional parliamentary oversight. Parties that form a part of governing coalitions are often unwilling to engage in self-monitoring, while opposition parties are frequently incapable of constructive external oversight. Although the Lithuanian parliament does not commission independent research, it can produce internal conclusions or reports, or invite experts to various parliamentary meetings. In addition, the parliament utilizes the results of audit reports produced by the National Audit Office.

Obtaining
Documents
Score: 9

Members of parliament have the right to obtain information not only from the government itself but also from various government agencies, enterprises and other public-sector organizations. When carrying out their oversight function, parliamentary committees can request information and relevant documents from ministries and other state institutions. These are normally delivered in full and within an appropriate time frame. There are some restrictions concerning the access of information considered to be sensitive for reasons of state. In addition, information from ongoing pretrial investigations and other investigations cannot be provided if this could harm the investigations.

Summoning
Ministers
Score: 10

Parliamentary committees are able to summon ministers and the heads of most other state institutions (with the exception of court judges). Invited persons, which also attend parliamentary commissions and other groups, typically answer questions posed by the members of the Seimas and provide other relevant information. In some cases, vice-ministers or other authorized civil servants can serve as substitutes for ministers. However, rather than being used as a forward-looking mechanism, this instrument of parliamentary control is often restricted to the explanation of government activities on an ex-post basis.

Summoning
Experts
Score: 9

When considering draft legislation, parliamentary committees can receive and consider comments from experts. Committees can also invite experts to participate in special hearings focusing on draft legislation, or engaging in a parliamentary oversight function. Committees can establish preparatory working groups whose membership can involve experts or scientists. The extent to which experts are involved in the activities of parliamentary committees varies by specific committee and policy issue.

Task Area
Congruence
Score: 8

There is extensive congruence between the current structure of 15 parliamentary committees and the primary areas of competence of Lithuania's 14 ministries. However, there are a few mismatches. On the one hand, some ministries (Economy, Transport and Communications) and other state institutions are monitored by a single Economics committee. On the other hand, there are several horizontal parliamentary committees (including the committees on Audit, European Affairs, Information Society, and Human Rights). The Seimas also has several standing commissions, some of which are related to policy areas assigned to the Lithuanian ministries (especially the energy commission, the most active of these bodies). Thus, the composition of parliamentary committees allows government policy to be monitored on both a sectoral and horizontal basis.

Committees meet on a regular basis, but the bulk of committee activities are related to the consideration of draft legislation. The workload of individual committees in the legislative process varies substantially, with the committees on legal affairs, state administration and local authorities, social affairs and labor, and budget and finance accounting for about 55% of the legislative review work delegated to the committees. The amount of attention given to exercise of the parliamentary oversight function depends on the particular committee. For instance, 63% of all issues discussed by the Rural Affairs committee in the 2000 – 2004 period were related to its oversight function, as compared to just 10% of issues discussed by the Committee on Budget and Finance.

Citation:

Alvidas Lukošaitis, "Parlamentinės kontrolės įgyvendinimas Lietuvoje: metodologinės pastabos apie trūkinėjančią "šeiminko-samdinio grandinę"//Politologija. 2007, nr. 2

Audit Office
Score: 7

The National Audit Office is accountable to the Seimas and the president. The auditor general is appointed by the Seimas based on a nomination by the president. The parliament's Committee on Audit considers financial-, compliance- and performance-audit reports submitted by the office, and prepares draft parliamentary decisions relating to the implementation of audit recommendations. The office also cooperates with other parliamentary committees. The leaders of the parliamentary Committee on Audit at one time used audit reports for political purposes, especially after an opposition-party member was appointed to its head. However, this practice has been discontinued in the 2012 –2016 parliament following the appointment of a member of the ruling coalition to lead this committee.

Ombuds Office
Score: 8

The Seimas has several ombuds offices, including the general Ombudsmen's Office, with two appointed ombudspersons, and the special ombudsman's offices on Equal Opportunities and Children's Rights. These institutions supervise state institutions, with a particular focus citizens' human rights and freedoms. They engage in public advocacy on behalf of citizens, and initiate certain actions, but as a group the ombuds offices lack sufficient legal authority to act as a single national institution for human rights. However, new draft legislation regarding the Seimas

ombudsmen was under discussion in the parliament at the time of writing. The effectiveness of these ombuds offices has depended on the interplay of several factors. First, citizens have shown at best mixed interest in pursuing complaints through these offices, although the number of complaints has been increasing in recent years (the largest number of complaints was registered in 2013). Second, the offices have recently adopted a more proactive attitude toward investigations, focusing on the most significant violations of human rights (e.g., in prisons and other detention facilities). Third, state or municipal institutions are still occasionally unwilling to implement the offices' recommendations.

Media

Media
Reporting
Score: 5

A minority of mass-media organizations, whether TV, radio, print or online, provide high-quality information content analyzing government decisions. Since it is quite expensive to provide high-quality analysis within Lithuania's small media market, the state-funded National Radio and Television is in the best position to undertake in-depth analysis of government decisions. Other mass-media brands tend to produce infotainment-style programming. Although the Lithuanian media are regarded as quite independent, they are not widely trusted by the public; indeed, in late 2014, only 38.8% of respondents in a national survey said they trusted the media.

Citation:
<http://www.vilmorus.lt/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=2&cntnt01returnid=20>.

Parties and Interest Associations

Intra-party
Democracy
Score: 7

Lithuanian parties usually restrict decision-making to party members. Although in many cases, all party members can participate in important decisions, their capacity to influence the most critical party decisions is insufficient. Some political parties are more democratically structured than others: in 2007, the Lithuanian Social Democratic Party, the Lithuanian Christian Democrats and the Homeland Union were found to be the most democratic in terms of internal decision-making. The latter two parties have since merged to form a single party, whose leader is directly elected by all party members. By contrast, some other political parties are primarily used as a platform for their leaders to express their own political interests.

Citation:
G. Žvaliauskas, *Ar partijos Lietuvoje yra demokratiškos?* Technologija, Kaunas, 2007.

Association
Competence
(Business)
Score: 5

Most Lithuanian interest associations, including employers' associations and trade unions, have a rather limited ability to formulate well-crafted policies. They typically lack skilled research staff, and do not engage in cooperation with

academic bodies or individual experts. The Investor’s Forum, which represents foreign investors in Lithuania, is one of the exceptions, as it has regular annual meetings with the government and provides policy recommendations based on its members’ input. Some local economic-interest organizations, including the Lithuanian Confederation of Industrialists (which is represented on the Tripartite Council) and the European Economic and Social Committee, have developed improving policy-formulation capacities. Some business associations and even individual businesses support think tanks. In 2012, the University of Pennsylvania recognized the Lithuanian Free Market Institute as being among the most influential public-policy centers in Central and Eastern Europe, rating it at 11th place within the region. The European Union provides support earmarked for strengthening the capacities of business associations and social partners, including trade unions.

Citation:
University of Pennsylvania. “2012 Global Go To Think Tanks.”

Association
Competence
(Others)
Score: 5

The capacity of nonacademic interest associations to formulate well-crafted and relevant policy proposals varies by group. Most lack skilled staff members and do not engage in cooperation with academic bodies or individual experts. Moreover, the lawmaking and regulatory impact assessment processes do not sufficiently ensure the participation of relevant stakeholders. Business interest groups tend to have stronger abilities to formulate policies than do social or environmental groups. The Lithuanian Catholic Church is an important player in Lithuanian politics, with its influence typically focused on a small number of policy issues. The Non-Governmental Organizations’ Information and Support Center facilitates cooperation between NGOs as they seek to represent their interests.

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